

FISCAL NOTE FOR CAPITAL PROJECTS ONLY

Department:	Contact Person/Phone:	CBO Analyst/Phone:
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Legislation Title:

AN ORDINANCE relating to contracting indebtedness; authorizing and providing for the issuance and sale of limited tax general obligation bonds to pay all or part of the costs of various elements of the City's capital improvement program and other City purposes approved by ordinance, to provide a contribution to the Pike Place Market Preservation and Development Authority for the financing of certain improvements, and to pay the costs of issuance of the bonds; providing for certain terms, conditions and covenants and the manner of sale of the bonds; creating a fund for the deposit of bond proceeds; amending Ordinance 122553 (as previously amended by Ordinance 122696), Ordinance 123156 (as previously amended by Ordinance 124341), Ordinance 123480 (as previously amended by Ordinance 124341), and Ordinance 123751 (as previously amended by Ordinance 124341); and ratifying and confirming certain prior acts.

Summary and background of the Legislation:

This legislation provides the legal authorization to issue up to \$62.8 million of Limited Tax General Obligation Bonds, as assumed in the 2015 Proposed Budget and the Proposed 2015-2020 Capital Improvement Program (CIP).

Although the Budget and CIP make specific assumptions about the use of debt financing for a certain share of the CIP, separate authorization for the issuance of bonds is technically required.

This bond sale is anticipated to occur in early to mid - 2015. The bond proceeds, combined with internally generated funds, will support a share of the City's general government capital program for about 12 months.

The bond sizing is based on the proposed budget and current cash-flow projections. The bond proceeds will also be used to pay issuance costs.

The City's Capital Improvement Program (CIP) identifies debt financing for certain projects and the City's budget appropriates the associated debt service. Financing for the development of the Pike Place Market PC-1 N site reflects the first \$28 million of the City's agreement to provide a total of \$40 million to this project, as described in the Memorandum of Understanding, adopted by Ordinance 124122. The remaining \$12 million of bonds is expected to be issued in 2016. The table

below lists the projects to be financed by the proceeds of 2015 LTGO bonds.
Please see the City's Budget and CIP for information about these projects. Total debt service is expected to be about \$2.2 million in 2015 and \$6.5 million in 2016.

Project	Capital Cost	Approx. Par Amount (1)	Max. Term	Approx. Rate	Debt Service Proposed 2015	Debt Service Proposed 2016	Debt Service Funding Source
Pike Market PC1-N (1 of 2)	28,000	28,840	20	5.0%	1,082	2,314	General Fund
Bridge Rehab (CPT-10%)	5,104	5,257	20	5.0%	197	422	SDOT (CPT-10%) (2)
South Park Bridge	5,000	5,150	20	5.0%	193	413	General Fund
Alaska Way Corridor (CPT-2.5%)	4,150	4,275	20	5.0%	160	343	SDOT (CPT-2.5%) (3)
CWF Overlook (CPT-2.5%)	1,379	1,420	20	5.0%	53	114	SDOT (CPT-2.5%) (3)
Fire Facilities (3 of 5)	4,900	5,047	20	5.0%	189	405	REET I
Electronic Records	1,500	1,545	5	3.0%	35	337	FAS
Data Center Short (3a of 3)	5,187	5,343	5	3.0%	120	1,167	DoIT
IT Enterprise	1,175	1,210	5	3.0%	27	264	DoIT
IT Service Mgt Tools	2,500	2,575	5	3.0%	58	562	DoIT
Golf	2,000	2,060	20	5.0%	77	165	DPR
Total	60,895	62,722			2,192	6,507	

(1) Includes 3% for costs of issuance and pricing adjustments.

(2) Proceeds from Bridging the Gap - commercial parking tax receipts.

(3) Receipts from additional 2.5% commercial parking taxes.

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

The City will be obligated to pay annual debt service on these bonds through their term.

b) What is the financial cost of not implementing the legislation?

Financing these projects from cash would require identifying other funding sources and/or making large cuts in operating programs. Since most of the debt-financed capital improvements have a long useful life and interest rates are currently low, it is more practical to spread the costs of these improvements over current and future beneficiaries by issuing bonds.

c) Does this legislation affect any departments besides the originating department?

This legislation affects FAS, SDOT, DPR, DOIT, and CBO

What are the possible alternatives to the legislation that could achieve the same or similar objectives?

There are no obvious alternatives for most of the large capital projects. Cash financing of these projects would require identifying alternative large funding sources.

d) Is a public hearing required for this legislation?

No

e) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No

f) Does this legislation affect a piece of property?

Yes, the Pike Place Market PC-1 N site.

g) Other Issues:

None

List attachments to the fiscal note below: